

SENT TO COUNCIL

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Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Corsiglia

**SUBJECT: PRODUCTION REPORT FOR
OCTOBER 1 - DECEMBER 31, 2004**

DATE: February 25, 2005

Approved

Date

2.28.05

COUNCIL DISTRICT: Citywide

INFORMATION

This report covers activity in the Housing Department's Project Development Program for the second quarter of the 2004-05 Fiscal Year. The objective of the Project Development Program is to increase, preserve, and improve the supply of affordable housing in San Jose.

In Fiscal Year 1999-00, the City Council approved a Five-Year Housing Spending and Operations Plan, calling for the development of 6,036 units of affordable housing by June 30, 2004. The City exceeded this goal with 6,080 units completing acquisition/construction as of June 30, 2004. The Mayor and City Council have set a new target of 10,000 total units to be completed by December 31, 2007.

Currently, 2,250 affordable units are in various pre-construction stages of the development process (Planning, Application on File, and Fund Reservation) (see **Attachment I**). In addition, 1,084 units are currently under construction. **Attachment II** details the status of the eight large, new construction projects funded by the Housing Department that are currently under construction.

Financing Activity

Faced with declining tax-increment revenues, last fiscal year the City Council approved a new funding strategy for the affordable housing program. Under this strategy, the Housing Department has issued three Notices of Funding Availability ("NOFAs"). The third 2004 NOFA was released November 17, 2004 and made available \$10,000,000 specifically targeted for new construction of family rental apartments, rental housing for special needs populations, and rental Single Room Occupancies ("SROs")/Studio Apartments. The requirements of the NOFA

conformed to the Project Selection System adopted by the City Council on February 24, 2004. On December 15, 2004, the Housing Department received one funding application submitted by First Community Housing for the First and Gish Apartments, a 35-unit, 100% affordable, mixed-use, transit-oriented project with 13 dedicated special needs units, located at 1410 North First Street.

On December 15, 2004, the California Debt Limit Allocation Committee ("CDLAC") adopted Resolution 04-167, which transferred \$75,315,000 of the 2004 State Ceiling on Qualified Private Activity Bonds to the City of San Jose for the Redevelopment Agency Housing Set Aside Program. The bonds issued as a result of this allocation from the State will qualify for tax-exemption and will carry an interest rate lower than on a comparable taxable issue. Projections indicate that this will save the Department between \$750,000 and \$1,250,000 in annual debt service on these bonds. The bonds will allow the Department to refinance previous loans or to fulfill outstanding loan commitments. These funds are not available for new project commitments.

City Council Actions

On October 12, 2004, the City Council approved the issuance of tax-exempt multifamily housing revenue bonds in the aggregate principal amount not to exceed \$19,379,000 for the Delmas Park Apartments affordable housing project located at 598 West San Carlos Street. Concurrently, the City Council approved loaning the bond proceeds to Delmas Park Associates, L.P., to finance the construction of the project.

Additionally on October 12, 2004, the City Council and Redevelopment Agency Board jointly approved an Owner Participation and Grant Agreements by and among EHC Delmas Park, L.L.C., Delmas Park Associates, L.P., AOF/Pacific Affordable Housing Corporation, the City of San Jose, and the Redevelopment Agency of the City of San Jose, for a total of \$1,500,000. At the recommendation of the Agency staff, the Developer agreed to incorporate 5,530 square feet of ground floor retail space in the building. Because the Housing Department cannot use 20% Funds for any use other than residential development, the Agency's grant of \$1,500,000 to the Developer and Owner is needed for the retail component of the project. As consideration for the grants, the Agency will have design review approval for the retail portion of the project and the Developer and Owner will covenant to build, operate and maintain the project as a first-class, mixed-use residential and retail project.

On December 14, 2004, the City Council approved making a loan to the Housing Authority of the County of Santa Clara in an amount up to \$709,000 for the rehabilitation of 65 multi-family residential units at 1900 Poco Way. The City Council also authorized an amendment to the Affordability Restriction to increase the number of units and to extend the term of the restriction to fifty-five years from the completion of the rehabilitation work.


HONORABLE MAYOR AND CITY COUNCIL

February 18, 2005

Subject: Quarterly Production Report for October 1 – December 31, 2004

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As the need for affordable housing in San Jose continues to grow and resources remain limited, the Housing Department continues to seek and utilize all available opportunities to meet the affordable housing production goals set by the Mayor and City Council.



LESLYE CORSIGLIA
Director of Housing

Attachments:

- Attachment 1 -- Highlights of activities since 1999, as of September 30, 2004.
- Attachment 2 -- Summaries of the large projects currently under construction.

cc: Housing Advisory Commission



Attachment 1**Highlights of Activities - July 1, 1999 to December 31, 2004****NEWLY CONSTRUCTED UNITS**

	Planning Stage	Application on File¹	Fund Reservation¹	Under Construction	Completed	Total
Housing Department Funded New Construction	1	0	1461	951	4,090	6,503
Inclusionary / New Construction	610	0	0	133	528	1,271
Total Units	611	0	1461	1,084	4,618	7,774

ACQUISITION/REHABILITATION UNITS

	Planning Stage	Application on File¹	Fund Reservation¹	Under Construction	Completed	Total
Housing Department Acquisition / Rehabilitation	0	174	0	0	1,679	1,853
Inclusionary Acquisition/ Rehabilitation	4	0	0	0	0	4
Total Units	4	174	0	0	1,679	1,857

TOTAL PRODUCTION

	Planning Stage	Application on File¹	Fund Reservation¹	Under Construction	Completed	Total
	615	174	1,461	1,084	6,297	9,631

Housing Department Preservation Units (Do Not Count Toward 1999-04 Five-Year Plan Goals)

	Planning Stage	Application on File¹	Fund Reservation¹	Under Construction	Completed	Total
	0	0	0	0	727	727

¹ Not relevant to Agency-assisted and Inclusionary Units

**Summaries of Projects Currently Under Construction
as of December 31, 2004**

BELLA CASTELLO

District 3

Developer: Bella Castello Family
Apartments, L.P.

Location: Southeast corner of 12th Street
and Keyes Street.

Units: 88 units of family housing; 10 ELI/ 58
VLI/ 19 LI/ 1 unrestricted manager's
units

Council Action: Authorization on December
16, 2003 for the Director of
Housing to negotiate and
execute a Disposition and
Development Agreement and
approval of business terms for
acquisition/predevelopment
financing not to exceed
\$4,265,000.

Delegation Action: Approval of construction
loan terms in February 2004
and approval of permanent
loan terms in December 2004.

City Funds: up to \$4,265,000

Subsidy/Unit: \$49,023

Estimated Project Cost: \$31,253,000

Construction started in December 2004.
Completion is anticipated in June 2006.

Photos:

TOP: A view to the northeast of the garage
excavation

MIDDLE: Excavation of the lower tier of
garage

BOTTOM: Looking east at the shoring on the
east side of the site.



CINNABAR COMMONS

District 6

Developer: Cinnabar Commons, L.P.
(Seven Hills Properties)

Location: West side of Stockton Avenue
between Lenzen Avenue and
Cinnabar Street

Units: 245 units of family housing; 49 VLI/
194 LI/2 unrestricted manager's units

Council Action: Approval on January 14, 2003
of an additional funding
commitment of \$14,046,000
for construction financing.

Delegation Action: Approval of construction/
permanent loan terms in July
2003. Revised loan terms
developed through mediation
on September 23, 2004.

City Funds (Permanent): up to \$24,056,000

Subsidy/Unit: \$98,997

Estimated Project Cost: \$70,045,000

Construction started in March 2004.
Completion is anticipated in January 2006.

Photos:

TOP: A view from the south of the north
elevation of building #1.

MIDDLE: Looking north at the south
elevation of building #2.

BOTTOM: Looking west at the east elevation
of building # 4.



DELMAS PARK

District 3

Developer: Delmas Park Associates, L.P.

Location: 598 West San Carlos Street

Units: 123 units of family housing; 26 ELI/
40 VLI/ 56 LI/ 1 unrestricted
manager's unit

Council Action: Approval on June 29, 2004 of
a funding commitment of up to
\$10,006,605 for construction
and permanent financing.
Approval in September 2004
of bond issuance and a loan of
the bond proceeds.

City Funds (Permanent): up to \$10,006,605

Subsidy/ELI Unit: \$107,692
Subsidy/VLI & LI \$75,069

Estimated Project Cost: \$39,929,260

Construction started in October 2004.
Completion is anticipated in October 2006.

Photos:

TOP: A view from Santa Clara Street
looking south.

MIDDLE: Looking at the site from the corner
of Bird and Columbia.

BOTTOM: Looking east at the site from Bird
Avenue.



LAS MARIPOSAS

District 5

Developer: Mexican American
Community Services Agency
(MACSA)

Location: Northeast corner of Alum
Rock Avenue and Jose
Figueres Drive.

Units: 66 for-sale units.

Council Action: Approval of construction loan
and second-mortgage take-out
financing February 24, 2004.

City Funds: \$4,181,662 (including a
\$630,000 grant from the
Redevelopment Agency)

Subsidy/Unit: Up to \$ 50,000 per homebuyer

Construction started in March 2004, with
completion anticipated in July 2005.

Photos:

TOP: View of the project from the corner of
Alum Rock and Jose Figueres
Avenues.

MIDDLE: Looking south at the north
elevation.

BOTTOM: Looking east at west elevation.



LAS VENTANAS

(formerly Evans Lane JSM)

District 6

Developer: JSM Enterprises Incorporated

Location: Northerly terminus of Evans Lane (a.k.a., southerly quadrant of Highway 87 and Almaden Expressway interchange)

Units: 239 units of family housing;
35 ELI/ 39 VLI/ 163 LI/ 2 unrestricted manager's units

Council Action: Approval on September 24, 2002, of an increase in grant of ELI funds, for a total grant of \$4,025,000, and an increase in the number of ELI units from 24 to 35.

City Funds: \$19,395,949

Subsidy/ELI Unit: \$115,000

Subsidy/VLI & LI Unit: \$77,539

Estimated Project Cost: \$58,444,169

Construction started in July 2003. Completion is anticipated in phases between November 2004 and May 2005.

Photos:

TOP: Looking northeast at the south and west elevations of building #1

MIDDLE: View of East elevation of buildings # 3 & 4.

BOTTOM: View of community building and the pool of building # 1.



POLLARD PLAZA APARTMENTS

District 7
Tully/Senter SNI

Developer: Story LIH, LLC

Location: East side of McLaughlin Avenue, southerly of Story Road and 1178 McLaughlin Avenue

Units: 130 units of housing with teacher preference: 13 VLI, 116 LI, 1 unrestricted manager's unit.

Council Action: Approval on June 18, 2002 for construction/permanent loan business terms and authorization to issue bonds.

Delegation Action: Approval on October 29, 2002 of increase in construction loan by \$1,857,066 to \$12,162,117 and permanent loan by \$1,577,105 to \$9,486,839.

City Funds: Up to \$12,162,117 during construction and up to \$9,486,839 in the permanent loan.

Subsidy/Unit (at permanent): \$73,541

Estimated Project Cost: \$28,714,325

Construction started in January 2003.
Completion is anticipated in March 2005.

Photos:

TOP: A view of the west elevation along McLaughlin Avenue.

MIDDLE: Looking east at inner courtyard and pool.

BOTTOM: Looking east at front tower.



TIERRA ENCANTADA APARTMENTS

District 5

Developer: Community Housing
Developers

Location: South side of Alum Rock
Avenue east of McCreery
Avenue

Units: 93 units of family housing; 10 ELI/57
VLI/25 LI and 1 unrestricted mana-
ger's unit

Council Action: Approval on June 25, 2002 for
construction/permanent loans
and grant funding.

City Funds: \$4,600,000

Subsidy/ELI Unit: \$100,000

Subsidy/VLI & LI Unit: \$43,904

Estimated Project Cost: \$25,168,235

Construction started in July of 2003.
Completed in January of 2005.

Photos:

TOP: A view of the south elevation of the
building.

MIDDLE: A view of the west elevation of the
building.

BOTTOM: The project as seen from the
corner of Alum Rock Avenue
and McCreery Avenue.



OAK TREE VILLAGE

(Formerly Branham & Monterey)

District 2

Developer: JSM Enterprises, Inc.

Location: Northeast corner of Branham Lane and Monterey Highway

Units: 175 units of family housing; 53 VLI/121 LI and 1 unrestricted manager's unit

Council Action: Approval on May 27, 2003 of a Disposition and Development Agreement – including construction and permanent financing – for the development.

City Funds: \$10,540,000

Subsidy/Unit: \$60,575

Estimated Project Cost: \$50,213,000

Construction started in October of 2003.
Completion is anticipated in March of 2005.

Photos:

TOP: A view from Branham Lane looking at the south elevation.

MIDDLE: A view of the north elevation of the project.

BOTTOM: Looking south at the east elevation and the garage entrance.

